

P.O. Box 3544
920 West Lee Street (27403)
Greensboro, NC 27402
(336) 274-1591
FAX (336) 274-9207
www.industriesoftheblind.com



Mission Statement:
It is the mission of Industries of the Blind, Inc. Greensboro, to enhance the opportunities for people who are blind to achieve greater vocational, personal and economic independence.

INDUSTRIES OF THE BLIND, INC.

Michael A. Burge
Executive Director

OFFICERS

Glenn D. Rainey
Chairman of the
Board/President

Lenwood E. Dennis
1st Vice President

Bill Prisock
2nd Vice President

Reuben Mercer
Secretary

William O. Cordes
Treasurer

DIRECTORS

Tony Collins

William J. Craft

Tom Hall

Joseph A. Hughes

Michael G. Jackson

A.C. Jones

Easton Kelsey

Jack Knowles

William T. Linton, Jr.

Joseph Monroe

Seldon E. Patty

Fred Reinecke

February 9, 2005

Committee for Purchase From People Who
Are Blind or Severely Disabled
1421 Jefferson Davis Highway
Jefferson Plaza 2
Suite 10800
Arlington, VA 22202-3259

Re: Docket No. 2004-01-01; Governance Standards for Central nonprofit Agencies and Nonprofit Agencies Participating in the Javits-Wagner-O'Day Program Notice of Proposed Rulemaking and Request for Comments; 69 Fed. Reg. 65395 (November 12, 2004)

Dear Committee Members:

The following comments are offered in response to the Committee's request for comments regarding 41 CFR Parts 51-2, 51-3, and 51-4. My comments are intended with due respect for your commitment to the mission of JWOD and your desire to carry out this mission with the highest principles. We at the Industries of the Blind in Greensboro support and agree with the overall intent of the Committee's initiatives relating to both Executive Compensation and Board Governance. Certainly, exploitation of the non-profit sector and the JWOD program by unscrupulous individuals is something we all want to prevent. Also, the board governance policies proposed by the Committee are basic and fundamental.

This having been said, however, we do not believe that the Committee is positioned to undertake the role of oversight, there are other offices who are already charged with these responsibilities. In your Summary Statement, you comment about "alleged isolated instances of excessive compensation packages" and "perceived lack of full disclosure". However, these statements are preceded within the same sentence by "the overwhelming majority of JWOD ... agencies operate in an ethical and accountable manner." By these statements, you acknowledge there really is no need for the Committee to go to extreme,



Manufacturer of quality SKILCRAFT blind-made products
Brooms, Mops, Misc. Household Items, Retractable Pens, Clipboards
"An Equal Opportunity Employer"



measures to insert itself into an arena for which it neither has the judicial or legislative authority nor the professional training or expertise, to make informed judgments. These

contemplated actions, as you imply, are based on innuendo and a perceived need to mollify an unsubstantiated public outcry against very isolated abuses. By taking such actions, despite your aforementioned caveats, you imply that you believe all JWOD non-profit agencies must be tightly regulated to prevent such abuse from becoming widespread. In short, your actions will “paint us with the same brush” as the abusing agency.

Regarding the argument made to justify capping non-profit agency executive compensation based on that of the “typical, highest paid, SES, career Federal Government employee”, it is a very unrealistic extension of logic to claim that this is justified because JWOD is a Federal program. Based on such logic, the Small Business Administration should be determining compensation limits for all senior executives of small businesses, and the Social Security Administration should be determining compensation limits for all medical practitioners who perform services under Medicare.

The fact is, the JWOD Act as written and recently amended, does not in any way contemplate, nor grant the authority for, the Committee to interfere with NPA compensation or agency board governance. While the JWOD Act gives the Committee broad powers to regulate performance under and compliance with the Act, this power is not without bounds. The Committee is not a legislative body, but a regulatory body. As such, it lacks the authority to make law. This authority rests with Congress.

We also have concerns regarding the professional competency of the Committee and the Committee Staff to evaluate compensation and benefits programs for senior executives of non-profit agencies under the JWOD umbrella. This is an area of expertise which requires education and experience. The Committee’s focus appears to be to limit the compensation available to an executive rather than on the value an individual may bring, by virtue of their talents and energy, to their agency or the JWOD program. The proposed regulations also give no consideration to the outside market place for such positions. By creating an artificial disparity between what an agency may pay its executives and what that individual may earn in private industry, you doom this industry to mediocre leadership. Those who can will, by necessity, leave, those without other options will stay. Future recruiting efforts will be seriously hampered as well.

Finally, we fear that these proposed regulations are another step in excessive regulation creep which will ultimately result in the demise of many non-profit agencies who will not be able to afford the administrative overhead. Private business entities do not face the myriad of restrictions and power imbalances in their dealing with their customers as do the non-profit agencies operating under JWOD.



Manufacturer of quality SKILCRAFT blind-made products
Brooms, Mops, Misc. Household Items, Retractable Pens, Clipboards
"An Equal Opportunity Employer"



This agency would much prefer the Committee avoid unnecessarily distracting itself with intrusion into the management of the non-profit agencies. The regulatory oversight of non-profit agencies is already served by the Internal Revenue Service and the state

attorney generals. Rather, the Committee and JWOD, would be better served studying and taking to heart, the spirit of the JWOD Act as intended by its original authors. The primary mission of the JWOD Act, and therefore the Committee, is supporting the growth of meaningful employment for people who are blind or severely disabled.

This agency would support an initiative by NIB and NISH, on behalf of the Committee, to undertake an examination of current compensation and Board Governance practices of the agencies under the purview of each Central Non-Profit Agency. In addition, each of the Central Non-Profit Agencies could sponsor programs in Board Governance and Compensation Practices to be made available to the non-profit agencies participating in the JWOD program. We feel that this is a more preferable approach to addressing these issues.

Respectfully Submitted,

Michael A. Burge
Executive Director

Cc: Glenn Rainey
Chairman Industries of the Blind, Inc.



Manufacturer of quality SKILCRAFT blind-made products
Brooms, Mops, Misc. Household Items, Retractable Pens, Clipboards
"An Equal Opportunity Employer"

